Developing New Revenue Opportunities and Innovating in Associations
How to Use this Deck

Use this report as a strategic resource and guide tailored for CEOs, C-Suite executives, and staff and Board members. It serves as a tool to guide leaders in structurally encouraging the development of new revenue opportunities and optimizing their organizations to foster innovation.

ASAE provides this deck in partnership with McKinley Advisors.
What is the Association Insights Center?

A community of experts collaborating to face the increasingly complex environment and challenges ahead. In partnership with McKinley Advisors, AIC provides critical, on-demand intelligence and tools to support association CEOs as they face the tough decisions yet to come.

The slides that follow provide a synthesis of the community’s work in 2024 to support CEOs in optimizing their associations to foster and encourage new revenue opportunities and innovation within their organizations.
### 2023 - 2024 AIC Thought Leadership Panel

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preet Bassi, CAE</td>
<td>Center for Public Safety Excellence Inc</td>
</tr>
<tr>
<td>Philip K. Bell</td>
<td>Steel Manufacturers Association</td>
</tr>
<tr>
<td>Paul D. Bishop, CAE</td>
<td>Association of Boards of Certification</td>
</tr>
<tr>
<td>John E. Courtney, Ph.D.</td>
<td>American Society for Nutrition</td>
</tr>
<tr>
<td>Vicki Deal-Williams, FASAE, CAE</td>
<td>American Speech-Language-Hearing Association</td>
</tr>
<tr>
<td>Michael Desiderio</td>
<td>Executive MBA Council</td>
</tr>
<tr>
<td>Abraham Eshkenazi, CSCP, FACHE, CPA, FASAE, CAE</td>
<td>Association for Supply Chain Management</td>
</tr>
<tr>
<td>Marsha Flanagan, M.Ed., CEM</td>
<td>International Association of Exhibitions &amp; Events</td>
</tr>
<tr>
<td>James R. Flanigan, CAE</td>
<td>American Society for Clinical Laboratory Science</td>
</tr>
<tr>
<td>Lynn M. Gangone, CAE</td>
<td>American Association of Colleges for Teacher Education</td>
</tr>
<tr>
<td>Senthil Gopinath</td>
<td>International Congress &amp; Convention Association</td>
</tr>
<tr>
<td>Tina C. Gordon, CAE</td>
<td>North Carolina Nurses Association</td>
</tr>
<tr>
<td>Melanie Gottlieb, CAE</td>
<td>American Association of Collegiate Registrars &amp; Admissions Officers</td>
</tr>
<tr>
<td>David Labuskes, CAE</td>
<td>AVIXA</td>
</tr>
<tr>
<td>Janice R. Lachance Esq., FASAE</td>
<td>American Geophysical Union</td>
</tr>
<tr>
<td>Denise A. LeDuc Froemming, MBA, CPA, CAE</td>
<td>California CPA Education Foundation</td>
</tr>
<tr>
<td>Adam Levy, CAE</td>
<td>American Cleft Palate-Craniofacial Association</td>
</tr>
</tbody>
</table>
2023 - 2024 AIC Thought Leadership Panel

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Public Sector HR Association
## Table of Contents

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Background and Introduction to the Topic</td>
</tr>
<tr>
<td>10</td>
<td>Framework for Optimizing New Revenue Opportunities and Innovation</td>
</tr>
<tr>
<td>13</td>
<td>Cultural Foundations for Success</td>
</tr>
<tr>
<td>27</td>
<td>The Innovation Process</td>
</tr>
<tr>
<td>43</td>
<td>Feedback and Renewal</td>
</tr>
<tr>
<td>60</td>
<td>Appendix</td>
</tr>
</tbody>
</table>
Background and Introduction to the Topic
The Challenge of Developing New Revenue Opportunities

Associations support professions and fields and advance important missions, but they must also innovate to ensure financial sustainability and relevance amidst growing competition. This is especially true as new for-profit competitors have emerged in traditional association revenue areas like education, conferences, networking, and certification.

Research from the Association Insights Center (AIC) highlights the complexities associations face compared to for-profits. These include legacy governance structures, loss-leader programs, and siloed functions and departments built for traditional activities rather than experimentation or product innovation. AIC research shows that a flexible, nimble strategy and governance structure allows associations to maintain mission-based values while driving innovation.

Key learnings include fostering an innovative culture, the use of product innovation processes, and active learning feedback loops. This report details these aspects, first focusing on board/staff culture - crucial for an innovative association. Supporting a culture of experimentation involves reinforcing business mindsets among leaders, empowering staff to experiment, and strengthening the capacity for meaningful, trust-building conversations.

With an experimental culture, associations can further innovation through deliberate product innovation processes to guide new concept development, like design sprints or business model canvassing. Finally, assessment and evaluation ensure honest appraisal of program performance to optimize high-performers and sunset underperformers. Collectively, these shifts in management and structure create building blocks for ongoing innovation to ensure relevance and high stakeholder impact.
Summary of Challenges to Developing New Revenue Opportunities and Innovating in Associations

Associations rooted in mission-based endeavors may have difficulty prioritizing innovation. They may also face challenges connecting new product ideas to the organization’s mission-based strategy.

Association governance models and organizational structures and processes may lack emphasis on business-minded innovation and experimentation, further limiting new ideas.

Associations may not have product or service development processes, leaving staff uncertain and disincentivized in bringing new ideas forward.
Framework for Optimizing New Revenue Opportunities and Innovation
Leadership on New Revenue Opportunities

Although there is no “one size fits all approach,” association executives identified three features that associations must build to be successful in identifying and building new revenue opportunities. These areas are a direct response to strategic, cultural and tactical challenges in the association sector. They include:

- A Strong Cultural Foundation
- Reliance on an Innovation Process
- A Commitment to Feedback and Renewal
Foster a culture of open communication, transparency, and collaboration to adapt to changing needs and encourage innovation.

1. Cultivate a positive internal environment that encourages employee empowerment, experimentation, and continuous improvement.
2. Engage and educate the board to shift their mindset towards a business-oriented approach, balancing risk and reward.
3. Foster a culture of open communication, transparency, and collaboration to adapt to changing needs and encourage innovation.

4. Implement a structured process for capturing, prioritizing, and developing new ideas and opportunities based on alignment with customer goals and the organization’s mission.
5. Gather input from diverse perspectives, including staff, members, and industry partners, to inform decision-making.
6. Align programs and services with the organization’s mission, strategy, and strategic plan.
7. Evaluate programs and services based on factors such as level of effort, impact, cost, and opportunity cost.
8. Emphasize data-driven decision-making, using tools such as SWOT analysis, scenario planning, and performance frameworks.
9. Allocate true costs to events and programs to provide a clear picture of their financial impact.
10. Leverage successful programs and services to sunset underperforming areas.

"Anything is possible for a company when its culture is about listening, learning and harnessing individual passions and talents to the company’s mission. Creating that kind of culture is my chief job as CEO."
- Satya Nadella, CEO, Microsoft

Framework for Optimizing New Revenue Opportunities & Innovation

Create a Strong Cultural Foundation

Implement an Innovation Process

Commit to Feedback & Renewal

Reports from ASAE’s Research Foundation: Advancing Business-Venture Innovation
Cultural Foundations for Success
Create a Strong Cultural Foundation for Innovation

“…innovative cultures are misunderstood. The easy-to-like behaviors that get so much attention are only one side of the coin. They must be counterbalanced by some tougher and frankly less fun behaviors.

A tolerance for failure requires an intolerance for incompetence. A willingness to experiment requires rigorous discipline. Psychological safety requires comfort with brutal candor. Collaboration must be balanced with individual accountability. And flatness requires strong leadership. Innovative cultures are paradoxical. Unless the tensions created by this paradox are carefully managed, attempts to create an innovative culture will fail.”

Summary of Steps to Create a Strong Cultural Foundation

- **Cultivate** a positive internal environment that encourages employee empowerment, experimentation, and continuous improvement. (Link)

- Engage and educate the board to shift their **mindset** towards a business-oriented approach, balancing risk and reward. (Link)

- Foster a culture of open **communication**, transparency, and collaboration to adapt to changing needs and encourage innovation. (Link)

Links are provided for a detailed explanation of each step.
Explanation of Theme
### Create a Strong Cultural Foundation

<table>
<thead>
<tr>
<th>Goal</th>
<th>Challenges</th>
<th>Keys to Success</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cultivate</strong> a positive internal environment that encourages employee empowerment, experimentation, and continuous improvement.</td>
<td>Overcoming resistance to change and the &quot;if it ain't broke, don't fix it&quot; mentality.</td>
<td>Reinforcing the shift in culture through behavior and structural changes.</td>
<td>• Hold generative discussions frequently with staff to identify new ideas.</td>
</tr>
<tr>
<td><strong>Engage and educate</strong> the board to shift their mindset towards a business-oriented approach, balancing risk and reward.</td>
<td>Focusing discussions on the business needs of the association.</td>
<td>Understanding that the shift in culture takes constant work and reinforcement.</td>
<td>• Re-envisioning the Board recruitment process to recruit directors with vision and business mindset.</td>
</tr>
<tr>
<td>Foster a culture of open communication, transparency, and collaboration to adapt to changing needs and encourage innovation.</td>
<td>Navigating organizational politics and the influence of individuals.</td>
<td>Addressing politics diplomatically by bringing them to light. Holding people accountable and understanding their motivations.</td>
<td>• &quot;Lead from the top&quot; and model good listening and respectful dialogue.</td>
</tr>
</tbody>
</table>

**Examples**

- Hold generative discussions frequently with staff to identify new ideas.
- Develop an innovation process (i.e., clarify the steps to fund an idea).
- Highlight innovations that have been tried, celebrate failure, and educate staff on the cost of not innovating.
- Re-envisioning the Board recruitment process to recruit directors with vision and business mindset.
- Hold Board trainings that clarify the need and urgency for innovation.
- Presenting what the org. could do with more resources and activities that can be cut.
- "Lead from the top" and model good listening and respectful dialogue.
- Be transparent with staff about decisions that are made and provide psychological safety while encouraging feedback and questions.
Case Study: Association XYZ has suffered from a lack of innovation in its core benefits and service offerings. Many of the organization’s staff are long-tenured and a new CEO has been hired to spur new ideas and enliven the organization with powerful new offerings.

Create a Strong Cultural Foundation

Goal

**Cultivate** a positive internal environment that encourages employee empowerment, experimentation, and continuous improvement.

**Engage and educate** the board to shift their mindset towards a business-oriented approach, balancing risk and reward.

Foster a culture of open communication, transparency, and collaboration to adapt to changing needs and encourage innovation.

Example Approach

Recognizing that product development is a new focus for a long-tenured staff, XYZ’s new CEO understands the need to catalyze innovation through culture. She begins by revisiting the strategic plan of the association with the Board and capturing input from all internal departments – explaining the urgency and need for revenue growth and new direction. She also begins re-inventing the culture from the top down, including adding an innovation-focused agenda item each month to senior team meetings and all staff meetings (e.g., generative ideation, “Q&A with a member” sessions, and “celebrating failures”). Finally, she begins to re-orient the staff performance evaluation process to emphasize innovation and product improvement.

The new CEO works with her leadership to instill priority focus towards innovation at the Board/leadership level as well as staff level. The Board adjusts their leadership recruitment process to encourage business-minded and visionary leaders through modest adjustments to the application process. Additionally, the Board officers now attend an annual training together focused on the Board’s role in innovating and how to lead organizations at a strategic-level. Moreover, the association develops new policies that instill a spirit of innovation in the organization, such as a risk tolerance policy that formally recognizes the role of experimentation and failure as a business imperative.

To further strengthen the cultural foundations of innovation within the association, the CEO seeks out new opportunities to build accountability mechanisms throughout the organization. Now regularly, the CEO provides business conditions updates to the staff and shares progress towards goals and targets that were developed through the recent strategic planning process. The added level of clarity helps staff to understand the “bigger picture” and why new benefits are necessary to achieve their targets.
Case Studies
The Pediatric Nursing Certification Board (PNCB) serves as a prime example of an organization that has successfully fostered a culture of innovation by implementing strategic cultural and structural elements. PNCB recognized the value of harnessing the creative potential of its workforce at all levels and took proactive steps to build innovation into the fabric of the organization.

One key initiative implemented by PNCB was the establishment of a formal process that encourages and incentivizes staff to bring forth new ideas. Employees are empowered to develop business cases for their innovative proposals, which are then presented to leadership for consideration. This structured approach not only promotes a continuous flow of fresh perspectives but also cultivates a sense of ownership and accountability among staff members.

To support this innovation pipeline, PNCB has carefully cultivated an organizational culture that nurtures and rewards creative thinking. Open communication channels, risk tolerance, and an "okay to fail" mentality are actively fostered, creating an environment where employees feel safe to experiment and push boundaries without fear of repercussions. Furthermore, PNCB recognizes the importance of incentivizing and rewarding successful innovation. Staff members whose proposed projects yield positive outcomes are eligible for financial incentives, further reinforcing the organization's commitment to encouraging and rewarding innovative thinking.

By embedding innovation into its cultural and structural foundations, PNCB has effectively leveraged the collective intellect and creativity of its workforce. This approach not only benefits the organization through a steady stream of innovative solutions but also supports the professional development of its staff, nurturing them as change agents and future leaders.
PNCB Innovation Fund

Ready for some fun and a little competitive experimentation?

Ready to dream up a potential new PNCB business opportunity?

The Board of Directors has approved a 1 MILLION dollar Innovation Fund to implement new ideas!

Staff members who submit a proposal approved by the Board Executive Committee receive a financial incentive.

Examples from the past (but not eligible) include:

asae
The Center for Association Leadership

Exceptional Experiences.
Case Study: PNCB

Template that PNCB staff fill out to submit new project idea.

In addition to a description of the program, staff describe:
- Alignment to mission, vision and strategy
- Business case analysis and due diligence performed
Microsoft Case Study

**Challenge:** Microsoft had fallen behind Google and recognized their culture was too rigid. Accountability, hierarchy and “pecking order” trumped everything, every detail had to be planned before meetings—creativity and spontaneity suffered as a result.

**Solution:** Microsoft CEO, Satya Nadella, led an effort to change Microsoft’s culture to one centered on three core principles: having a growth mindset, actively seeking out differences, and working towards a shared mission.

**Outcome:** Microsoft adopted and committed to a new culture, “*We will only achieve our mission if we live our culture. We start by becoming learners in all things – having a growth mindset. Then we apply that mindset to learning about our customers, being diverse and inclusive and working together as one.*”

Microsoft Case Study, Cont.

“I talked about these ideas every chance I got. And I looked for opportunities to change our practices and behaviors to make the growth mindset vivid and real. Part of the culture change was to give people the breathing room, the space, to bring their own voices and experiences to the conversation. The last thing I wanted was for employees to think of culture as “Satya’s thing.” I wanted them to see it as their thing, as Microsoft’s thing.”

Actions Microsoft took to drive culture change:

• Clearly define the culture they wanted and metrics to monitor attainment of the desired culture.

• Creation of an annual hackathon, which “became an avenue for people with depth and passion, people spanning product groups…to come together and start a movement.” A few projects receive funding as new business efforts.

• Employees are encouraged to question themselves every day, “Where are the places today that I had a fixed mindset? Where did I have a growth mindset?”

• Individuals were given full authority to bring ideas to life. Microsoft recognized “the key to the culture change was individual empowerment.”

Cultural Foundations for Success
Additional Resources & Literature
Additional Literature/Resources


The Innovation Process
“Innovation takes birth in sync with the evolution of customer’s expectations and demands or vice versa.

Either way, organizations around the world have to continually innovate themselves and keep up with the people’s wants. The failure to do so or being indifferent to your customer’s need will make your competitors win. And then suddenly, customers become indifferent to you- a high-risk gamble to play at.”

Ketan Kapoor, Co-founder of Mercer-Mettl
Reliance on an Innovation Process

- Implement a structured process for capturing, prioritizing, and developing new ideas and opportunities based on alignment with customer goals and the organization's mission (Link)
- Gather input from diverse perspectives, including staff, members, and industry partners, to inform decision-making (Link)
- Align programs and services with the organization's mission, strategy, and strategic plan (Link)
- Evaluate programs and services based on factors such as level of effort, impact, cost, and opportunity cost (Link)

Links are provided for a detailed explanation of each step.
Explanation of Theme
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<tr>
<td>Implement a <strong>structured</strong> process for capturing, prioritizing, and developing <strong>new ideas and opps</strong> based on alignment with customer needs &amp; org’s mission.</td>
<td>Understanding that some people and departments are slower to change and working within their limits.</td>
<td>Leading by example at the Board and senior levels and being transparent when things don't go as planned.</td>
<td>• Utilize creative processes and facilitations to provide staff with examples of how to generate ideas (e.g., design sprints). • Provide templates for how to assess the business case of new concepts to ensure consistency. Rate concepts based on organizational alignment.</td>
</tr>
<tr>
<td>Gather input from diverse perspectives, including staff, members, and industry partners, to inform decision-making.</td>
<td>Avoiding distractions from non-revenue generating &quot;urgent&quot; requests.</td>
<td>Products must be built and focused on market demand. Otherwise, the concept will fail to gain traction and be a drag on the association’s performance.</td>
<td>• Use surveys to learn what members want and need. • Bringing together staff with members to obtain input. • Build understanding and support with a smaller group of leaders to test ideas and obtain feedback.</td>
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<tr>
<td>Align programs and services with the organization's mission, strategy, and strategic plan.</td>
<td>Adapting to external factors, such as industry consolidation, legal battles, or the pandemic.</td>
<td>Ensuring that leaders and staff prioritize strategic alignment in their ideation and program development.</td>
<td>• Ensure all programs have at least one strategic pillar they advance. • Sunset programs that don't align with the mission.</td>
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<tr>
<td>Evaluate programs and services based on factors such as level of effort, impact, cost, and opportunity cost.</td>
<td>Overcoming resource constraints, such as lack of bandwidth, staff, or funding</td>
<td>Regularly sunset programs and services that have run their course to free up resources for new program concepts.</td>
<td>• Use planning tools with strong criteria. For example, impact on net revenue and brand, level of effort, operational complexity, and cost of not doing the program. • Build pro forma and break-even analysis to articulate assumptions fully.</td>
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</table>

**Reliance on an Innovation Process**

- Overcoming resource constraints, such as lack of bandwidth, staff, or funding
- Regularly sunset programs and services that have run their course to free up resources for new program concepts.
## Reliance on an Innovation Process

### Goal

<table>
<thead>
<tr>
<th>Implement a <strong>structured</strong> process for capturing, prioritizing, and developing <strong>new ideas and opps</strong> based on alignment with customer needs &amp; org’s mission.</th>
<th>After beginning to make broader cultural shifts within the organization, the CEO of Association XYZ identifies the need to create structure to support new product and benefit ideas from staff. She creates an annual “design sprint” process that encourages generative thinking among cross-functional teams of staff and is rooted in the association’s annual market research. Furthermore, she provides a process for staff to identify an executive champion and utilize a template to build a business case around new ideas that surface throughout the year. Staff are aware that many ideas will not advance to the product development stage and are nonetheless incentivized through the performance evaluation process to bring forward strategically aligned concepts.</th>
</tr>
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<tbody>
<tr>
<td><strong>Gather input from diverse perspectives</strong>, including staff, members, and industry partners, to inform decision-making.</td>
<td>As part of the product development process, all new ideas need to be able to show they directly respond to member/stakeholder needs. Staff that are proposing a business case for a new product-concept are required to present data points that show their idea is based on market demand and that it fulfills a critical need for the marketplace. Staff are able to propose questions on the annual market research survey conducted by the association or conduct interviews with members to gather the data.</td>
</tr>
<tr>
<td><strong>Align programs and services</strong> with the organization’s mission, strategy, and strategic plan.</td>
<td>In addition to meeting market demand, the new CEO of Association XYZ has built in the criteria that all new and existing products offered by the organization are tied to the strategic pillars of the organization in a direct and meaningful way. Staff that propose a new product are thus required to make a business case as well as a strategic alignment case for each product they propose.</td>
</tr>
<tr>
<td><strong>Evaluate programs and services</strong> based on factors such as level of effort, impact, cost, and opportunity cost.</td>
<td>The new CEO includes additional criteria for new programs and services. These entail balancing the revenue upside of the idea against other criteria, such as whether the program is aligned with the organization’s core value proposition (and thus supports their brand image), whether they have the expertise today to deliver on the program (or will need to learn as they go), and whether the association will have a unique, competitive advantage that will allow them to be successful in developing and delivering the service. Each of these criteria is deemed to be a success factor for a new product launch that supports the mission, vision and values of the organization.</td>
</tr>
</tbody>
</table>
Case Studies
Case Study:  
American Academy of Orthopaedic Surgeons

AAOS conducted a capabilities assessment to understand where opportunities existed to leverage its premier educational content. Through that process, it learned that it needed to improve ease-of-access, engagement, interactivity and content alignment to individual needs.

As a result, the association established a Learning Innovation Lab to develop and test new product types, support earlier audience engagement, enable more iterations and less perfection in the development process and allow for faster time-to-market for products and solutions. By establishing a dedicated lab, AAOS intends to create a space and frame that empowers its team and inspires initiative.

AAOS has outlined a process by which ideas are developed and conceptualized, following steps including Submission, Review, Tagging, Prioritization, Ideation and Design Brief. Once approved, an idea advances to Proof-of-Concept.

The association’s "Innovation Funnel" illustrates how ideas progress through various stages of evolution. Stage gate teams are formed to review and determine whether an idea advances to the next stage. They can be composed of volunteer/member sponsors, SMEs, staff representatives, external partners and business leads.
Learning Innovation Lab | How Are Ideas Developed?

**Submission**
Ideas are submitted via the online form.

**Review**
The LIL team reviews ideas and contacts the submitter for additional information if needed.

**Tagging**
Ideas are tagged based on review. Tags include Viable, Conceptual, Route, and Enhancement.

**Prioritization**
The LIL team performs quarterly prioritization to determine which ideas advance to the funnel.

**Ideation**
The LIL team conducts ideation on idea to gather insights, propose features, and identify risks.

**Design Brief**
The LIL team develops design brief capturing ideation outputs. Design brief is reviewed by staff leadership.

Routing
If Ideas are tagged Route or Enhancement, LIL team routes the idea to the appropriate AAOS team.

Routing
If design brief is approved, idea advances to Proof-of-Concept phase. If idea is not approved, it is returned to an earlier phase in the funnel for potential future development.

Approval or Return

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AAOS
American Academy of Orthopaedic Surgeons

asae
The Center for Association Leadership

Exceptional Experiences.
Stage gate teams support ideation by assessing the viability of ideas, their position within AAOS’ portfolio of offerings and the associated risk of progressing them to market.
Case Study: Endocrine Society

The Endocrine Society sought to strengthen its financial position by exploring investment opportunities consistent with the Society’s mission, vision and core values. Through an Innovation Development Fund (IDF), the Society sought to extend its core capabilities into related business adjacencies to secure the revenue needed to meet current and future operational needs.

As a part of this process, the Society created a scoring rubric by which it could evaluate how investment opportunities may align with the association’s goals for the IDF.
<table>
<thead>
<tr>
<th>Potential Criteria</th>
<th>Scoring Rubric</th>
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<tbody>
<tr>
<td>Aligns with or Strengthens Core Society Operations/Capabilities (membership,</td>
<td></td>
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<tr>
<td>publications, meetings, education, etc.)</td>
<td>Weak</td>
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<tr>
<td></td>
<td>Moderate</td>
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<tr>
<td></td>
<td>Strong</td>
</tr>
<tr>
<td>Contributes to diversification by targeting new, non-endocrinology markets</td>
<td>Weak</td>
</tr>
<tr>
<td></td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>Strong</td>
</tr>
<tr>
<td>Strengthens the Endocrine Society brand or is strengthened by the brand</td>
<td>Weak</td>
</tr>
<tr>
<td></td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>Strong</td>
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<tr>
<td>Level of Investment Required within 3 Years</td>
<td>$0-5M</td>
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<td></td>
<td>$5-10M</td>
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<tr>
<td></td>
<td>$10M+</td>
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<tr>
<td>Projected Annual Net Income Potential within 3 Years</td>
<td>$0-2M</td>
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<tr>
<td></td>
<td>$2-5M</td>
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<tr>
<td></td>
<td>$5M+</td>
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<tr>
<td>Outcome of Benefit/Risk Assessment</td>
<td>Low</td>
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<tr>
<td></td>
<td>Moderate</td>
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<td></td>
<td>High</td>
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The Innovation Process
Additional Resources & Literature
Additional Literature/Resources


**Spotlight: Approaches to Support New Revenue Opportunities and Innovation in Associations**

### Market Research
- Conduct market research, analysis and environmental scanning to identify opportunities and needs
- Draw from the expertise and ideas of members and staff, as well as their networks

### Fully Consider the Role of Partnerships
- Identify organizations with similar objectives or complementary objectives
- Identify and collaborate with potential customers (those who may be in competition and determine how to collaborate synergistically)

### Alignment
- Utilize strategic planning process with time for ideation, scoring, and prioritization of possibilities calibrated by cost, revenue potential, staff capacity, degree of effort and market/customer base
- Utilize tools, frameworks and models to support decision-making and innovation process (ForesightWorks, EOS, SWOT analysis, standard R&D models)

### Operations
- Streamline decision-making and vesting authority for financial decision-making within staff
- Have a formal leadership team that reviews and discusses viability, supports need and revenue/impact
## Spotlight: Approaches to Product / Service Pricing Utilized by Associations

### Benchmarking
- Identify other competing products in the marketplace to benchmark
- Identify similar types of products with a similar customer base

### Evaluate Organizational Costs and Pricing Models
- Consider alternative models (e.g., cost-based versus value-based)
- Developing a range of price points based on profit margins
- Consider indirect and direct costs

### Pricing Sensitivity Analysis
- Gather price sensitivity through surveys
- Consider ability to pay based on world region (e.g., World Bank)
- Test pricing through customer advocate board and trusted individuals

### Short- and Long- Term Planning
- Consider short-term and long-term pricing plans
- Move all pricing decisions (all products) under one group or committee for a holistic consideration
- Purchase time with an expert on pricing
- Track internal datapoints when making price changes to understand market reaction
Feedback and Renewal
Feedback and Renewal

“It’s important to recognize that a feedback system only works when people believe changes will be made as a result of their feedback. So the trick is to ask the questions and then actually do something with the result.

Transparency is another important part of Google culture. It’s important that we be transparent about the feedback we heard, and how we went about addressing it. Being transparent as a company increases customer trust on one hand, and employee trust on the other. It’s important that people understand why we prioritized the changes we made. That’s core to the company’s DNA.”
Maintain a Commitment to Feedback and Renewal

- Emphasize data-driven decision-making, using tools such as SWOT analysis, scenario planning, and performance frameworks ([Link](#))
- Allocate true costs to events and programs to provide a clear picture of their financial impact ([Link](#))
- Leverage successful programs and services to sunset underperforming areas ([Link](#))

Links are provided for a detailed explanation of each step.
Explanation of Theme
## Maintain a Commitment to Feedback and Renewal

<table>
<thead>
<tr>
<th>Goal</th>
<th>Challenges</th>
<th>Keys to Success</th>
<th>Examples</th>
</tr>
</thead>
</table>
| Emphasize **data-driven decision-making**, using tools such as SWOT analysis, scenario planning, and performance frameworks. | Making decisions based on data and the need for a strategic vision and long-term business plan, rather than history or emotion. | Recognizing that each product, service, and program has a natural lifecycle and strong organizations monitor this lifecycle and make appropriate investment decisions. | • Use tools such as SWOT analysis, scenario planning, and performance frameworks (e.g., OKRs) to monitor and test program performance.  
• Adopt a strategy and measure key performance indicators. |
| Allocate **true costs to events and programs** to provide a clear picture of their financial impact. | Ensuring that you keep appropriate parties in the loop as assessments are performed. | Making decisions based on market needs and future requirements, not in a vacuum. | • Consider direct, indirect costs and intangible costs (e.g., amount of mental bandwidth consumed by the program, impact to volunteer burnout).  
• Consider the benefits to revenue, mission, specific market segments, and the organization’s brand. |
| Leverage successful programs and services to **sunset underperforming areas.** | Emotional attachment to programs or services that may not be financially viable or impactful. | Understanding that decisions to sunset or invest can be made at appropriate points in time to minimize disruption. | • Using a grid to map programs and services against strategic pillars and performance goals, and setting aside those that don’t align.  
• Diversifying revenue streams when traditional ones decline. |
Maintain a Commitment to Feedback and Renewal

**Goal**

- Emphasize **data-driven decision-making**, using tools such as SWOT analysis, scenario planning, and performance frameworks.
- Allocate **true costs to events and programs** to provide a clear picture of their financial impact.
- Leverage successful programs and services to sunset underperforming areas.

**Case Study:** Association XYZ has suffered from a lack of innovation in its core benefits and service offerings. Although many of the staff are long tenured, a new CEO has been hired to spur new ideas and enliven the organization with powerful new offerings.

The CEO of Association XYZ has recognized that little attention has been paid to the number of programs and benefits offered by the organization and it has become difficult for stakeholders to understand a clear value proposition for the organization given the many activities that are supported today. In response, the CEO initiates a portfolio assessment that compares existing programs and new concepts along a set of criteria, including support of the mission, alignment to organizational strategy, value to members, profitability, and value of the program compared to the level of effort entailed. This repeatable process results in recommendations for sunsetting two underperforming programs and frees up additional resources for a new activity.

As part of the portfolio assessment, the CEO and her staff develop a “level of effort” metric that is considered in the analysis. This incorporates the number of staff and volunteer hours that are required to service the program, including the senior leadership’s time in reviewing and discussing the program. This holistic view of each program provides a clearer picture of the drain versus benefit of association programs. On an ongoing basis, each program is reviewed every several years to understand its performance and whether adjustments or improvements can be made that will result in additional revenue and usage.

After completing the portfolio assessment, the CEO engages the Board of Directors to share results and engage in a broader conversation about the opportunity costs of pursuing the full suite of activities. As part of her presentation, she highlights data that illustrates the lack of sustainability of the current set of programs, the impact to the organization’s adaptability and the distraction caused to members and the organization by servicing many different areas. She uses the opportunity to re-focus the organization towards its “wheelhouse” in alignment with its strategy.
Case Studies
Case Study: Center for Public Safety Excellence

CPSE engages in a review of two of its 10 program areas on an annual basis to identify any changes that may need to be made in product, process, pricing or marketing, as well as consider future needs for adaptation and implications of the program areas on other programs. Each program is reviewed every five years.

The association leverages a breadth of existing data to identify gaps in knowledge about the programs and design new research to fill in those gaps. Using those data, CPSE conducts an analysis prior to preparing recommendations.
# Center for Public Safety Excellence Program Business Planning Process

<table>
<thead>
<tr>
<th>Existing Inputs</th>
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<tbody>
<tr>
<td>Customer service feedback</td>
</tr>
<tr>
<td>New customer data</td>
</tr>
<tr>
<td>Existing customer data</td>
</tr>
<tr>
<td>Revenue and Expense data</td>
</tr>
<tr>
<td>Unit Cost/ Margin data</td>
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<tr>
<td>Policies and procedures</td>
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<tr>
<td>Marketing content (including web)</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>New Research</th>
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<tbody>
<tr>
<td>Stakeholder surveys</td>
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<tr>
<td>Focus group interviews</td>
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<tr>
<td>Market size potential</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Analysis</th>
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<tbody>
<tr>
<td>SWOT</td>
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<tr>
<td>Future Forecast</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendations</th>
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</thead>
<tbody>
<tr>
<td>Marketing changes</td>
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<tr>
<td>Pricing changes</td>
</tr>
<tr>
<td>Process changes</td>
</tr>
<tr>
<td>Product changes</td>
</tr>
<tr>
<td>Future needs</td>
</tr>
<tr>
<td>Implications for other programs</td>
</tr>
</tbody>
</table>
Models
Tools to Support Feedback and Renewal

Associations can leverage a multitude of tools to convert data about products and services into knowledge that supports product innovation.

McKinley Advisors has provided three examples that span a spectrum of analyses that may be undertaken. These incorporate both qualitative and quantitative data to provide a rich and dynamic assessment of performance.

<table>
<thead>
<tr>
<th>Product Scorecard</th>
<th>Net Impact/ Investment Matrix</th>
<th>Cost vs Revenue vs Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Financial data</td>
<td>• Perceived Importance / impact</td>
<td>• Product expense</td>
</tr>
<tr>
<td>• Member perception data</td>
<td>• Profitability/ revenue margin</td>
<td>• Product revenue</td>
</tr>
<tr>
<td>• Staff experience</td>
<td></td>
<td>• Product engagement</td>
</tr>
<tr>
<td>➢ Convert to a product performance ranking to assess priorities and inform investment</td>
<td>➢ Determine product strategy</td>
<td>➢ Understand how resources are being deployed on behalf of products relative to participation</td>
</tr>
</tbody>
</table>
Building a Product Scorecard

A strategy for assessing each program or service is to assign a rating based on a series of data points representing financial data (e.g., net profit), member perception data, and staff survey data (e.g., alignment, resource investment).

A percentile range is then used to calculate an overall score to help inform an association about overall product performance.

Insights courtesy of McKinley Advisors. Please do not duplicate or distribute without permission.
For associations looking to understand where opportunity exists within the product portfolio, they may consider comparing variables such as member perception of mission impact against the net financial contribution of a product to the organization’s revenue. This can be leveraged to create product strategy and/or sunset products.

**Opportunity Zone**
*Higher Importance/ Low Margin*

Non-revenue generating or negative net profit; high importance scores mean they are valued. “Mission-driven” programs that are not money-makers are valued and critical to sustain.

**Value Zone**
*Higher Importance/ High Margin*

Higher margin and high importance or participation. These are the “star performers” and the association should seek to continue to provide value through offering these products.

**Review Zone (Watch List)**
*Lower Importance/ Low Margin*

Low margin and lower importance or participation. These programs could also be in this zone because they are niche and serve a smaller subset of the association’s audience; should be further assessed for value, impact, return.

**Attention Zone**
*Lower Importance/ High Margin*

High margin and low importance score. Opportunity to increase awareness of these products to continue to generate revenue or ensure enhancements to keep users engaged.

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Insights courtesy of McKinley Advisors. Please do not duplicate or distribute without permission.
Exploring Critical Intersections of Data

Associations may also want to consider mapping specific costs against product participation or engagement measures to assess how resources are deployed against products in the portfolio.

Insights courtesy of McKinley Advisors. Please do not duplicate or distribute without permission.
Feedback and Renewal
Additional Resources & Literature
Additional Literature/Resources

## Spotlight: Approaches to Considering and Evaluating the Impact of Innovation on Membership

### Strategy
- Align education, website, and marketing strategies to position the association as the members’ professional home and community.

### Research
- Conduct member research, develop member journey maps and measure success at key points (e.g., engagement and utilization of services at 3 months a member).

### Alignment
- Adopt a “jobs to be done” philosophy about the purpose and nature of membership.
- Develop member categories to fit the actual need of those individuals (e.g., student members are “developing members” and receive benefits aligned with their career stage; dues rates are adjusted accordingly).

### Operations
- It is essential to understand what it takes to get people to renew, what churn rate will be, other key performance indicators associated with renewal.
- “Meet members where they’re at” by offering only what they want, including synchronized billing model, monthly/annual billing, rolling renewals, etc.
Appendix
What are the Unique Challenges Faced by Associations?

AIC TLP identified a set of challenges, or questions, faced by associations relative to developing new revenue opportunities and innovating as organizations. These are unique to associations and require leaders to be proactive and intentional in addressing them. They include:

### Strategic Questions

- How can associations align programs, products and/or services to complex organizational strategies?
- How do we facilitate alignment across many leaders on identifying and pursuing new revenue opportunities?
- How do we manage expectations for new product developments (e.g., they may not be profitable to start)?

### Cultural Questions

- How can we ensure a business focus, mentality, and culture among volunteer leaders?
- How can we build a culture of risk tolerance within the organization and among its staff?
- What kind of processes and skills are needed to foster a culture of innovation within the organization?
- How can we evolve the association to be more consumer-centric?

### Tactical Questions

- What does a strong product development process look like?
- How should we price products/services; how do we (should we?) fit them into the membership bundle?
- How can we best lead the Board and staff through making program cuts and “sunset” discussions?
- How can we design a budget process that accommodates experimentation?
Detailed Explanation of Themes
Cultivate a positive internal environment that encourages employee empowerment, experimentation, and continuous improvement.

<table>
<thead>
<tr>
<th>Focus</th>
<th>Challenges</th>
<th>Key to Success</th>
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<tbody>
<tr>
<td><strong>Goal</strong></td>
<td><strong>Challenges</strong></td>
<td><strong>Key to Success</strong></td>
</tr>
<tr>
<td>• Moving away from risk intolerance and toward employee empowerment and encouraging new solutions.</td>
<td>• Overcoming resistance to change and the &quot;if it ain't broke, don't fix it&quot; mentality.</td>
<td>• Giving staff a clear vision of what you’re building to reduce pushback.</td>
</tr>
<tr>
<td>• Signify the importance of innovation by designing an innovation process.</td>
<td>• Confront this mentality head-on by pointing to long-term challenges and opportunities through strategic planning.</td>
<td>• Reinforcing the shift in culture through behavior and structural changes.</td>
</tr>
<tr>
<td>• Introduce small, low-risk efforts to try new things.</td>
<td>• Incentivize innovation structurally, through financial rewards, recognition, and even celebrations of failure.</td>
<td>• Make changes at the top of the organization.</td>
</tr>
<tr>
<td>• Implement a learning-centric organizational design rooted in Agile/Lean Sigma processes.</td>
<td></td>
<td>• Create psychological safety around experimentation and risk-taking.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ensure the culture is customer-focused with servant leadership at the center of the mission.</td>
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</tbody>
</table>
Engage and educate the board to shift their mindset towards a more business-oriented approach, balancing risk and reward.

**Goal**

- Educating the board on the need to focus on the business side of running the association and their role in it.
- Planting the idea during board recruitment and orientation.
- Presenting evidence of what the org. could do with more resources and low-value activities that could be cut.

**Challenges**

- Focusing discussions on the business needs of the association.
- Keeping the focus on the business goals over time.
- Be persistent and consistent in your efforts.
- Discuss running the organization as a business within each board meeting topic.

**Key to Success**

- Understanding that the shift in culture takes constant work and reinforcement.
- Encouraging the election/appointment of business-minded candidates.
- Get new board members up to speed on the importance of a business focus.

**Focus**

- Examples
  - Educating the board on the need to focus on the business side of running the association and their role in it.
  - Planting the idea during board recruitment and orientation.
  - Presenting evidence of what the org. could do with more resources and low-value activities that could be cut.

**Examples**

- Focusing discussions on the business needs of the association.
- Keeping the focus on the business goals over time.
- Be persistent and consistent in your efforts.
- Discuss running the organization as a business within each board meeting topic.

- Understanding that the shift in culture takes constant work and reinforcement.
- Encouraging the election/appointment of business-minded candidates.
- Get new board members up to speed on the importance of a business focus.
Foster a culture of open communication, transparency, and collaboration to adapt to changing needs and encourage innovation.

**Focus**
- Listening to understand why people believe certain things and fostering a culture of respectful disagreement and trust.

**Examples**
- "Lead from the top" and model good listening and respectful dialogue.
- Be transparent with staff about decisions that are made and provide psychological safety while encouraging feedback and questions.

**Goal**

**Challenges**
- Navigating organizational politics and the influence of individuals.
- Addressing politics diplomatically by bringing them to light.
- Holding people accountable and understanding their motivations.

**Key to Success**
- Recognizing that change management takes time, persistence, and consistency.
- Questioning the "why" on a continual basis.
Implement a structured process for capturing, prioritizing, and developing new ideas and opportunities based on alignment with customer goals and the organization's mission.

<table>
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<th>Key to Success</th>
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<tbody>
<tr>
<td>• Provide a framework or structure to support the development of concepts to ensure they are aligned to association goals and evaluated with set criteria.</td>
<td>• Understanding that some people and departments are slower to change and working within their limits.</td>
<td>• Leading by example at the board and senior levels and being transparent when things don't go as planned.</td>
</tr>
<tr>
<td>• Utilize creative processes and facilitations to provide staff with examples of how to generate ideas (e.g., design sprints, generative sessions).</td>
<td>• Breaking down silos between departments.</td>
<td>• Transitioning in new leaders with innovative mindsets.</td>
</tr>
<tr>
<td>• Provide templates for how to assess the business case of new concepts to ensure consistency and rate concepts based on organizational alignment.</td>
<td>• Being mindful that pushing people too hard can result in the opposite reaction.</td>
<td>• Using iterative processes coupled with honest assessment to contribute to persistence.</td>
</tr>
</tbody>
</table>

Examples
Gather input on ideas from diverse perspectives, including staff, members, and industry partners, to inform decision-making.

**Goal**
- Identify the right process to gain input and test ideas.
- Dig deep to understand members' and customers' true needs and expectations.

**Challenges**
- Avoiding distractions from non-revenue generating "urgent" requests.

**Key to Success**
- Understanding that members expect more from associations and will leave if ideas are misaligned to their needs.

**Focus**
- Use surveys to see what members want and need.
- Bringing together the team with members to obtain input.
- Build understanding and support with a smaller group of leaders to test ideas and obtain feedback.

**Examples**
- Learn to “say no” and utilize revenue goals as criteria for prioritizing revenue-generating activities.
- Socialize the right language to help leaders recognize tradeoffs, such as “Even - Over” statements.

- New revenue opportunities (products, services, etc.) must be built and focused on market demand (e.g., member needs). Otherwise, the concept will fail to gain traction and be a drag on the association’s performance.
Align programs and services with the organization's mission, strategy, and strategic plan

**Focus**
- Ensure that new and existing programs are aligned to the direction of the association’s strategy.
- Ensure all programs have at least one strategic pillar they advance.
- Sunset programs that don't align with the mission.

**Examples**
- Adapting to external factors, such as industry consolidation, legal battles, or the pandemic
- Being flexible on details without giving ground on fundamental expectations.

**Key to Success**
- Ensuring that leaders and staff prioritize strategic alignment in their ideation and program development.
- Asking questions about the connection to the mission and strategy early and often in the process.
- Set collective and individual staff goals that relate directly to the strategic plan.
Evaluate program and service concepts based on factors such as level of effort, impact, cost, and opportunity cost.

**Goal**

- Gain an accurate picture of the true costs and level of effort involved with new and existing program concepts.

**Challenges**

- Overcoming resource constraints, such as lack of bandwidth, staff, or funding.

**Key to Success**

- Increasing engagement, buy-in, and accountability through deliberate choices.

**Focus**

- Use planning tools with strong criteria. For example, impact on net revenue and brand, level of effort, operational complexity, and cost of not doing the program.
- Build pro forma and break-even analysis to articulate assumptions fully.

**Examples**

- Regularly sunset programs and services that have run their course to free up resources for new program concepts.
- Making conscious and deliberate decisions, rather than relying on past practices.
- Recognize that not making a decision is a decision, as is doing something because it's always been done that way.
Emphasize data-driven decision-making, using tools such as SWOT analysis, scenario planning, and performance frameworks

**Focus**
- Implement a process to ensure programs are regularly assessed and that appropriate investments or sunsetting occurs.

**Examples**
- Use tools such as SWOT analysis, scenario planning, and performance frameworks (e.g., OKRs) to monitor and test program performance.
- Adopt a strategy and measure key performance indicators.

**Goal**

**Challenges**
- Making decisions based on data and the need for a strategic vision and long-term business plan, rather than history or emotion
- Leveraging data to battle the emotional side of conversations; challenge people to be bold and make hard decisions.

**Key to Success**
- Recognizing that each product, service, and program has a natural lifecycle and strong organizations monitor this lifecycle and make appropriate investment decisions.
- “Building muscle” around data-driven product and program strategies overtime and incorporating it into your culture.
Allocate true costs to events and programs to provide a clear picture of their financial impact

- **Focus**
  - Ensure that assessments include all true costs and benefits of running the program.
  - Consider direct and indirect costs (overhead) as well as intangible costs (e.g., amount of mental bandwidth consumed by program, impact to volunteer burnout).
  - Consider the benefits to revenue, mission, specific market segments, and the organization’s brand.

- **Examples**
  - Ensuring that you keep appropriate parties in the loop as assessments are performed.
  - Including relevant staff to provide input into programs as well as staff that may be impacted in their work (e.g., CFO).

- **Key to Success**
  - Making decisions based on market needs and future requirements, not in a vacuum.
  - Using data, discipline, and determination to make difficult decisions.
Leverage successful programs and services to sunset underperforming areas

**Goal**
- Ensure that the organization is engaged in supporting a limited number of high performing, high priority activities.

**Challenges**
- Emotional attachment to programs or services that may not be financially viable or impactful.
- Convincing people that even good programs sometimes need to be cut based on data and ROI.

**Key to Success**
- Understanding that decisions to sunset or invest can be made at appropriate points in time to minimize disruption.

**Focus**
- Using a grid to map programs and services against strategic pillars and performance goals, and setting aside those that don't align.
- Diversifying revenue streams when traditional ones decline.

**Examples**
- Explaining that all programs must either bring in considerable revenue or create substantial value, and everything else slows the organization down.
- Consider the human/cultural side of leadership dynamics and possible disruptions, such as taking advantage of down economic cycles to make needed changes and alleviate some pressure.